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U.S. found to skirt ban on aid to contra

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WASHINGTON — The Reagan administration helped organize and still supports efforts to provide private aid for Nicaraguan insurgents despite a congressional prohibition against assisting them, according to government sources, legislative aides and a former rebel.

A three-week examination of the rebels' supply sources revealed a definite, albeit blurred, link between the administration and a supposedly spontaneous effort to raise military and humanitarian assistance for the rebels totaling more than \$10 million over the last year.

Former rebel leader Edgar Chamorro, ousted Nov. 24 from the largest contra army, known as the Nicaraguan Democratic Force (FDN), said the administration apparently began organizing the effort when Congress balked at providing aid last year.

The Nicaraguan rebels continue to rely on private aid since Congress still has not formally approved the resumption of governmental aid. The House and Senate have passed different bills authorizing the renewal of official aid, but they still have to be reconciled in conference.

Congress last year placed a ban on direct or indirect support for military or paramilitary activities in Nicaragua and refused to approve an administration request for additional money for the contras. All assistance was formally suspended on Oct. 10.

2 U.S. officials

In telephone conversations from Miami, Chamorro said two U.S. officials traveled to the rebels' logistical base in Honduras in the spring of 1984 to assure them that despite congressional opposition, the White House would "find a way" to keep their movement alive.

The officials were Lt. Col. Oliver North, the National Security Council's deputy director of policy development and political-military affairs, and a CIA officer,

the publication of whose name — although it is widely known — would violate federal law.

After their visit, Chamorro said, the CIA provided funds to publish ads in American newspapers to solicit private aid.

Central Intelligence Agency spokeswoman Patti Volz said the CIA has observed the aid ban, but declined to respond to questions about whether the CIA provided money for ads or if one of its officers traveled to Honduras to reassure the contras.

Circumstantial evidence also suggests the administration contacted conservative allies to enlist their help as well as private groups that already were involved in aiding Nicaraguan refugees. They receive logistical support from the Pentagon and the State Department's Agency for International Development.

Coors, Grace

Also involved in the anti-Sandinista effort are several of Reagan's millionaire friends including beer tycoon Joseph Coors and industrialist J. Peter Grace.

Their names appeared on invitations by the Nicaraguan Refugee Fund for a \$250-a-plate dinner April 15 where Reagan launched his latest campaign to restore official funding.

Adolph Coors Co. spokesman Don Shug said the beer company is not aiding the contras but indicated it was possible that individual executives may have helped them.

Grace spokesman Fred Bona said his boss "may have" asked the Central American chapters of the 900-year-old Knights of Malta order to help distribute privately collected humanitarian aid among Nicaraguan refugees. Grace heads the group's U.S. chapter.

Former Treasury secretary William Simon and CIA Director William Casey also belong to the



Edgar Chamorro: Says rebels got assurances.

Knights of Malta. Simon and Grace declined comment on whether they had ever discussed with Casey alternate ways to help the contras.

Simon heads the Nicaraguan Freedom Fund, a private aid group initially launched by the Unification Church-owned newspaper The Washington Times which received a letter from President Reagan dated May 30, 1985, expressing "wholehearted" support for its activity on behalf of the contras.

Singlaub's role

While the contras get humanitarian aid from these groups, they rely mainly on retired Army Maj. Gen. John Singlaub and his World Anti-Communist League for private military aid.

Singlaub said in a telephone conversation from his Phoenix, Ariz., office that he has advised "administration contacts" about his efforts.

Singlaub said he helps the contras through foreign corporations and governments that depos-

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it money in a secret overseas bank account from which the contras draw cash to purchase military equipment.

In this way, said Singlaub, he and the contras avoid violating the 187-year-old Neutrality Act that prohibits arming expeditions from U.S. soil against a country with which the United States is not at war.

Singlaub declined to identify the location of the account or the firms and governments involved. Congressional aides said they believe that the account is in Panama or Switzerland and that the governments are those of Taiwan, South Korea and Saudi Arabia.

In 1977, Singlaub, then the third-ranking U.S. Army commander in South Korea, was fired from that post by President Carter for publicly criticizing Carter's plans to withdraw U.S. ground troops from the Asian nation.

Administration officials, meanwhile, acknowledged a role in refugee-related programs but denied involvement in a private fund-raising effort. However, when asked about specific activities, they declined comment. Administration officials also refused to comment on North's reported trips to Honduras in May and June of 1984, accompanied by the CIA representative, which appear to have been central to the private-aid effort.

U.S. assurances

Chamorro said the officials assured the contras the administration never would abandon them.

"Afterwards," he added, "it was discussed among ourselves that the CIA soon would let us know who to contact for aid."

Although neither North nor the CIA officer specifically promised

private aid, Chamorro said, "it was clear that was their intent."

Shortly afterward, an informal network of Republican Party members, wealthy businessmen, conservative activists and former military and intelligence officers emerged to raise funds for rebels and refugees.

Chamorro indicated that their activities were coordinated through an NSC "contra planning committee." The NSC declined comment. But the Associated Press, quoting an administration source, reported that the NSC staff handled contacts with private groups.

Administration sources familiar with the subject said officials had

contacted conservative allies, including businessmen and retired government officials, to aid the contras. The sources said the White House did not direct the private-aid campaign but told private groups — presumably Simon's and Singlaub's — it would support their efforts.

Chamorro said that in June 1984, after the NSC's North and the CIA representative visited Honduras, FDN leader Adolfo Calero called him from Washington "with orders from the CIA" to place ads in several U.S. newspapers appealing for private funds for Nicaraguan refugees. The Herald published such an ad July 2, 1984. Among other papers the ad appeared in were The Washington Times and the New Orleans Times-Picayune. Chamorro said the total cost for the ads was about \$5,000.

Chamorro said that three Nicaraguan businessmen in Miami — David Raskosky, Enrique Pereira and Octavio Sacasa — used the Panama-based Human Development Foundation as a front to collect aid, but that funds for the ads came from the CIA.

Sacasa, however, said the ad funds "came from private donors who do not want their names published" and Calero said Chamorro's claim that the CIA provided the money for the ads was a "lie."

The contras raised only \$700, along with several protest letters including one accompanied by dead cockroaches, Chamorro said.

Sacasa's wife, Marta, an informal FDN spokeswoman in Miami, said between \$2,000 and \$3,000 was collected by the time the group halted its activities because Florida authorities warned it was not registered to solicit funds.

Another link between the administration and the private-aid effort are flights by U.S. military aircraft that carry airlift supplies for Nicaraguan refugees in Honduras. Contra aid critics charge that some of the privately collected aid transported by the military flights winds up in rebel hands because refugees are either related or sympathetic to them.

Special researcher Karen Branan also contributed to this article.